

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

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OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 AGR-20 L-03 OIC-04 PA-04 PRS-01 USIA-15 DRC-01

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TO SECSTATE WASH DC 2590

UNCLAS SECTION 01 OF 02 OECD PARIS 11031

PASS AGRICULTURE FOR WITCHER FAS, AND WILLETT ERS

E.O. 11652: N/A

TAGS: EAGR OECD

SUBJECT: AGRICULTURE COMMITTEE MEETING, 2-4 MAY ON
1974/75 OUTLOOK

1. SUMMARY. OUTLOOK DISCUSSION IN LINE WITH PREPARATORY DOCUMENTS. AUSTRALIA MADE STRONG STATEMENT AGAINST CARRYING STOCKS, CANADA CONCURRED. MEDIUM-TERM CONTRACTS ANALYTICALLY CONSIDERED. US SOYBEAN OUTLOOK NOTED BUT US CONCERN OVER PROSPECTIVE SUBSIDIZATION OF HIGH-COST PRODUCTION IN EC COUNTERED BY REFERENCE TO RAPID GROWTH OF REQUIREMENTS. STUDY OF BEEF PROBLEMS REFERRED TO WP-4, STUDY OF STOCK POLICIES TO JOINT WP. KEEN INTEREST IN US DAIRY PRODUCT MARKET. END SUMMARY.

2. COMMITTEE REELECTED KRISTENSEN (DENMARK) CHAIRMAN. ESTERUELAS (SPAIN) ACTED AS CHAIRMAN DURING KRISTENSEN'S SHORT ABSENCES. COMMITTEE ALSO REELECTED POIRIER (CANADA) VICE CHAIRMAN AND ELECTED GENC (TURKEY) VICE
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CHAIRMAN.

3. AGENDA ADOPTED (REF AGR/A(74)1).

4. DISCUSSION OF OUTLOOK FOR GRAIN-LIVESTOCK SECTOR AND FERTILIZERS THROUGH END OF 1974/75 MARKETING YEAR FOLLOWED SECRETARIAT'S "PROPOSED TOPICS FOR DISCUSSION" PAPER, REF AGR(74)7. AUSTRALIAN DEL MADE SURPRISINGLY EMPHATIC STATEMENT AGAINST STOCK-BUILDING. CANADIAN DEL CONCURRED. US REP DID NOT COMMENT; BUT HIS PRESENTATION (AS "CURRENT THINKING IN USDA") OF WHEAT, CORN, AND SOYBEAN STOCK PROJECTIONS FOR END OF 1974/75 MARKETING YEARS TAKEN FROM APRIL 25 USDA AGRICULTURAL SUPPLY AND DEMAND ESTIMATES PRESUMABLY LED OTHER DELS TO UNSTATED CONCLUSION THAT US, ALBEIT IN THE PRIVATE SECTOR AND TO A MODEST EXTENT, WOULD REASSUME ROLE OF WORLD'S STOCK CARRIER NOT ONLY IN CORN AND SOYBEANS WHERE NO AUSTRALIAN-CANADIAN CONTRIBUTION CAN BE EXPECTED BUT ALSO IN WHEAT. MEDIUM-TERM CONTRACTS WERE SUBJECT OF ANALYTICAL DISCUSSION WITH RECOGNITION THAT THEIR STABILIZING EFFECT ON PART OF THE MARKET MAY CAUSE GREATER FLUCTUATION ON THE MARGINAL PORTION OF THE MARKET. ALSO DISTINCTION MADE BETWEEN EFFECT OF SUCH CONTRACTS ON TRADING VALUES AND ON PRICE QUOTATIONS. US DEL PRESENTED SOYBEAN OUTLOOK AND EXPRESSED GRAVE CONCERN ABOUT EC INTENTIONS TO SUBSIDIZE THE PRODUCTION OF HIGH-COST PROTEIN FEEDS. EC REP COUNTERED BY QUESTIONING RELIABILITY OF US AS SUPPLIER OF GROWING REQUIREMENTS IN THE LONG RUN. ON DANISH INITIATIVE, BEEF ECONOMY PROBLEMS (HIGH FEED COSTS, CONSUMER RESISTANCE TO COST-COVERING PRICES) REFERRED TO WORKING PARTY 4 FOR FURTHER STUDY WITH UNDERSTANDING THAT WP-4 WILL MEET IN JULY. KEEN INTEREST SHOWN IN US DAIRY MARKET DEVELOPMENTS.

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DISCUSSION OF MEDIUM-TERM CONTRACTS AND SOYBEAN OUTLOOK BROUGHT OUT SHARP DIFFERENCES BETWEEN US FREE MARKET POLICY AND EC RELIANCE ON REGULATION AND PREFERENCE FOR MARKET-REGULATING COMMODITY AGREEMENTS. DISCUSSION OF ENERGY CRISIS RESULTED IN RECOGNITION OF SPECIFIC PROBLEMS, AS FOR INSTANCE, CHANGED ECONOMICS OF HOT-HOUSE PRODUCTION. FERTILIZER SHORTAGES AND HIGH PRICES DISCUSSED BUT ALL ATTEMPTED CONCLUSIONS HAD TO BE QUALIFIED. THANKS TO STRONG BRIEFING RECEIVED FROM MANY PEOPLE IN USDA-ERS AND FAS, SPLENDID COORDINATION BY WITCHER AND SAMSON, AND NEELEY'S EXCELLENT CONTRIBUTION US PARTICIPATION PLAYED CRUCIAL PART IN MEETING.

4. UNDER "OTHER BUSINESS", SIMANTOV (SECRETARIAT) REPORTED THAT STUDY ON LONG-TERM TRENDS IN SUPPLY AND DEMAND OF MAJOR AGRICULTURAL COMMODITIES AS RECENTLY APPROVED BY COUNCIL HAS BEEN STARTED AND WILL ABSORB ONE-HALF TO TWO-THIRDS OF RESOURCES DURING ITS ONE-YEAR DURATION. DISCUSSION OF COMMODITY PROBLEMS IN XCSS APRIL 23-24 IMPLIES STRENGTHENING OF COMMODITY WORK
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IN AGRICULTURE DIRECTORATE. THIS MEANS CONTINUED "MARKET SURVEILLANCE" AS DONE IN THE SEPTEMBER 1973 AND CURRENT AD HOC MEETINGS OF THE COMMITTEE. FAO REPRESENTATIVE REPORTED ON FAO "EARLY WARNING SYSTEM." A POSSIBLE INQUIRY INTO MEMBER COUNTRIES' STOCK POLICIES WAS REFERRED TO JOINT TRADE AGRICULTURE WORKING PARTY. OECD ROLE IN WORLD FOOD CONFERENCE TO BE DISCUSSED AT NEXT MEETING. PROBLEMS OF MACHINERY STANDARDS AND SOLID WASTE DISPOSAL BRIEFLY MENTIONED.

5. NEXT REGULAR MEETING OF COMMITTEE JUNE 27-28.
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